

Virginia Housing Commission  
House Room C, General Assembly Building  
December 8, 2009; 10 A.M.

**Members Present:** Senator Mamie Locke (Chair), Senator John Watkins, Delegate John Cosgrove, Delegate Robert Hull, Delegate Rosalyn Dance, Melanie Thompson, F. Gary Garczynski, and T.K. Somanath.

**Staff Present:** Elizabeth Palen and Diana Pharaoh.

1. **Welcome and Call to Order-** Senator Mamie Locke (Chair)
  - The meeting was called to order by Senator Locke at 10:15 A.M.
2. **Federal Reserve Bank of Richmond—Kim Zeuli, Community Affairs Officer**
  - Discussed housing market update by way of a PowerPoint presentation (see handout).
    - This is the fourth update in the past two and a half years and not much has changed.
    - **Delegate Hull** (referring to Slide 8: Percent of Mortgages by Type in Virginia)—*Is this trend we see in Virginia comparable to the United States as a whole?*
      - Yes.
    - The term “Delinquencies” in Slide 10 refers to loans that are 90 days past due as well as foreclosures.
    - **Senator Watkins**—*What are your expectations concerning the loans that we are modifying, and how will these loans be classified after the modification? Are we seeing any foreclosures or delinquencies resulting from these modifications?*
      - At this time, we are unable to access any data to determine how many modifications are resulting in foreclosures or delinquencies.
    - New York Times article gave a balanced view of the National Foreclosure Initiatives, namely the Home Affordable Modification Program (HAMP).
      - The article can be accessed at:  
[http://www.nytimes.com/2009/12/01/business/economy/01mortgage.html?\\_r=1&scp=2&sq=mortgage&st=cse](http://www.nytimes.com/2009/12/01/business/economy/01mortgage.html?_r=1&scp=2&sq=mortgage&st=cse)
    - **Delegate Hull**—*Attended a seminar about commercial loans and learned that there is a huge wave of foreclosures on these loans, particularly in retail. What impact will distressed commercial loans, which, unlike residential loans, are rarely securitized, have on residential mortgage activity?*
      - We have not considered the issue about whether these distressed commercial loans will affect the private side.
    - **Delegate Hull**—*If regional and local banks are in trouble because of commercial lending and are forced to liquidate by the FDIC, what will*

*happen when larger banks acquire them? The bigger banks will be acquiring these problems too.*

- At this time, the Federal Reserve Bank has not researched this issue.

### 3. Bills for Consideration

- Affordable Housing Assessments.
  - Bill has not changed since it was last heard in Norfolk two weeks ago.
  - This bill states what a real estate assessor shall consider when determining the fair market value of real property.
  - Motion to endorse the legislation was seconded.
  - Motion granted.
  - Patrons: Senator Whipple and Delegate Dance.
- Fair Housing Training
  - Two bills:
    - (1) Affidavit requirement; people who are in the business of renting are required to receive education on the fair housing laws and sign an affidavit to that effect.
      - Motion to endorse the legislation was seconded (Senator Locke opposed).
      - Motion granted.
      - Patrons: Senator Locke and Delegate Cosgrove.
    - (2) Training program; requires that people who are in the business of selling or renting properties to attend an education-based certification program consisting of a minimum of two hours of fair housing training every two years to maintain such certification.
      - Purpose: to decrease the prevalence of housing discrimination
      - **Senator Locke**—*Has any specific data been collected comparing the likelihood of discrimination between those who attend the training and those who do not?*
        - No specific data.
      - **Delegate Hull**—*I personally support the certification program; the course are easy to take and are sometimes offered online.*
      - **Delegate Cosgrove**—*Agrees that something needs to be done to decrease discrimination, but questions whether requiring people to attend fair housing training every two years is the solution.*
      - **Senator Locke**—*We need a tool that will decrease the discrimination revealed in the study conducted by HOME. In my view, I do not consider the requirement of training every two years to be that problematic.*
      - A motion was made and seconded to take no position.

- 1031 Exchange Agent Legislation
  - Bill has not changed since last heard in Norfolk two weeks ago. However, the penalties section in Line 142 needs to be adjusted to provide for a more concise penalty.
  - Motion to endorse the legislation with the caveat that more work needs to be done regarding the penalties section was seconded.
  - Motion granted.
  - Patron: Delegate Oder.
- Interpleader Jurisdiction
  - Bill has not changed since last heard in Norfolk two weeks ago.
  - The bill allows real estate brokers to file claims in the General District Court rather than in the Circuit Court.
  - Motion to endorse the legislation was seconded.
  - Motion granted.
  - Patrons: Delegate Dance and Delegate Marshall.
- SAFE Act Legislation
  - This bill broadens the scope of Virginia's participation with the federal SAFE Act and the National Mortgage Licensing System (NMLS) by requiring mortgage brokers, in addition to mortgage loan originators, to register with the system.
  - Motion to endorse the legislation was seconded.
  - Motion granted.
  - Patrons: Senator Watkins and Delegate Marshall.
- Recycled Building Materials
  - This bill allows for companies to reuse materials from dismantled factories to build houses and furniture, among other things.
  - There are possible constitutional questions, i.e. the provision in Virginia's Constitution providing that any property equipment facility or device must be used *primarily* for abating pollution (emphasis added).
  - **Delegate Cosgrove**—*This type of endeavor absolutely reduces pollution. It keeps recyclable materials out of landfills. There is a good, cogent argument here, but the language needs to be tightened.*
  - Motion to endorse the legislation with the caveat that there will be work continuing on the bill was seconded (Senator Cosgrove and Senator Watkins abstained due to conflict of interest).
  - Motion granted.
  - Patron: Delegate Marshall.
- Common Interest Communities Clarification Legislation
  - This bill clarifies the role of an ombudsperson. Each common interest community must establish and adhere to its own grievance procedures. The ombudsperson ensures that these communities have established a procedure and are properly responding to any grievances.
  - Motion to endorse the legislation was seconded.
  - Motion granted.
  - Patrons: Senator Whipple and Delegate Cosgrove.

- Housing Trust Fund
  - This bill uses the same funding source as in the 2008 Legislative Bill.
  - **Senator Watkins**—*Expressed concern with this bill from a fiscal standpoint.*
  - Motion to endorse the legislation was not seconded.
- Ordinance to Protect Property Owners
  - This bill pertains to landlords who have disruptive tenants. If a landlord has tenants who violate certain provisions, i.e. public intoxication, indecent exposure, and violation of a noise ordinance, three times in a twelve month period, then the locality can notify the landlord. If the landlord fails to respond, the locality can institute civil penalty proceedings.
  - Motion to endorse the legislation was seconded.
  - Motion granted.
  - Patrons: Delegate Marshall and Delegate Dance.

**4. Public Comment**

- Karen Hartwood, Fairfax County—Have lines 41-50 of the Affordable Housing Assessments bill always been a part of that bill?
  - Those provisions were discussed at the last workgroup meeting.

**5. Final Comments**

- The members thanked Delegate Hull for his valuable service to the Commission.

**6. The meeting was adjourned at 11:30 A.M.**